

State of South Dakota

NINETY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2016

400X0250

SENATE BILL NO. 13

Introduced by: The Committee on Retirement Laws at the request of the South Dakota Retirement System

1 FOR AN ACT ENTITLED, An Act to establish a new retirement benefit structure for certain
2 public employees who are members of the South Dakota Retirement System.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 3-12 be amended by adding a NEW SECTION to read:

5 For any generational member, the term, accumulated contributions, means the sum of:

6 (1) All contributions made by the member;

7 (2) Eighty-five percent of the contributions made by the member's employer if the
8 member has three years or more of contributory service or noncontributory service,
9 or fifty percent of the contributions made by the employer if the member has less than
10 three years of contributory service or noncontributory service;

11 (3) Member credited service purchases pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2;
12 and

13 (4) The effective rate of interest on the sum of subdivisions (1), (2), and (3).

14 Section 2. That chapter 3-12 be amended by adding a NEW SECTION to read:

15 For any generational member, the term, credited service, means the sum of the following:



- 1 (1) Years of service, or fractions thereof, for which member contributions were made to
2 the system;
- 3 (2) Any period of authorized leave of absence or sick leave with pay for which
4 deductions for member contributions are made, deposited, and credited to the fund;
- 5 (3) Any period of authorized leave of absence or sick leave without pay or temporary
6 layoff, during or for which a member obtained credit by payments to the fund made
7 in lieu of salary deductions; and
- 8 (4) Any period during which a member is on an authorized leave of absence to enter
9 military service, if the member fulfills the provisions of § 3-12-86.

10 Section 3. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 For any generational member, the term, final average compensation, means the highest
12 average annual compensation earned by a member during any period of twenty consecutive
13 calendar quarters during the member's last forty calendar quarters of membership in the system.
14 If the compensation received in the last calendar quarter considered exceeds one hundred five
15 percent of the amount in the highest previous calendar quarter, or if the average compensation
16 received in the last four calendar quarters exceeds one hundred five percent of the amount
17 earned in the highest calendar quarter prior to the last four calendar quarters considered, only
18 the lesser amount shall be considered and the excess shall be excluded in the computation of
19 final average compensation.

20 For purposes of determining final average compensation if periods of contributory service
21 are separated by breaks, any service earned from covered employment may be aggregated to
22 constitute a period of twenty consecutive calendar quarters.

23 For any member who has less than twenty but more than four calendar quarters of
24 membership in the system, the member's final average compensation shall be based on the

1 compensation received in all quarters of membership. For any member who has four calendar
2 quarters of membership or less, the member's final average compensation shall be based on the
3 member's annual compensation.

4 Section 4. That chapter 3-12 be amended by adding a NEW SECTION to read:

5 For any generational member, the term, improvement factor, means the annual increase in
6 the amount of the benefit provided on July first, compounded annually. However, no annual
7 increase may be provided unless the member has received benefit payments for at least the
8 consecutive, twelve-month period before July first. The annual increase shall be established by
9 the board for each fiscal year, based on the fair value funded ratio of the system and the increase
10 in the consumer price index for the preceding third calendar quarter compared to the consumer
11 price index for the third calendar quarter for the base year (the previous year in which the
12 consumer price index was the highest), as follows:

- 13 (1) If the system's fair value funded ratio is less than eighty percent, the improvement
14 factor shall be equal to the increase in the consumer price index, but no less than one
15 percent and no greater than two and one-tenth percent;
- 16 (2) If the system's fair value funded ratio is eighty percent or greater but less than ninety
17 percent, the improvement factor shall be the increase in the consumer price index, but
18 no less than one percent and no greater than two and four-tenths percent;
- 19 (3) If the system's fair value funded ratio is ninety percent or greater but less than one
20 hundred percent, the improvement factor shall be the increase in the consumer price
21 index, but no less than one percent and no greater than two and eight-tenths percent;
22 or
- 23 (4) If the system's fair value funded ratio is one hundred percent or greater, the
24 improvement factor shall be the increase in the consumer price index, but no less

1 than one percent and no greater than three and one-tenth percent.

2 Section 5. That chapter 3-12 be amended by adding a NEW SECTION to read:

3 For any generational member, normal retirement age is sixty-seven for Class A credited
4 service and for Class B credited service as a justice, judge, and magistrate judge and age
5 fifty-seven for other Class B credited service. The Legislature may increase the normal
6 retirement age for some or all then-contributing members if life expectancy at retirement
7 continues to increase, as substantiated by a periodic actuarial experience analysis that takes into
8 account census data of all active members, vested terminated members, and retired members
9 as well as beneficiaries of the system.

10 Section 6. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 Upon retirement, a generational member shall receive a normal retirement benefit,
12 commencing at normal retirement age or thereafter, for Class A credited service, equal to one
13 and eight-tenths percent of final average compensation for each year of Class A credited service.

14 Section 7. That chapter 3-12 be amended by adding a NEW SECTION to read:

15 Upon retirement, a generational member shall receive a normal retirement benefit,
16 commencing at normal retirement age or thereafter, for Class B credited service other than as
17 a justice, judge, or magistrate judge, equal to two percent of final average compensation for each
18 year of Class B credited service other than as a justice, judge, or magistrate judge.

19 Section 8. That chapter 3-12 be amended by adding a NEW SECTION to read:

20 Upon retirement, a generational member shall receive a normal retirement benefit,
21 commencing at normal retirement age or thereafter, equal to three and three hundred thirty-three
22 thousands percent of final average compensation for the first fifteen years of Class B credited
23 service as a justice, judge, or magistrate judge and two percent of final average compensation
24 for each year of Class B credited service as a justice, judge, or magistrate judge in excess of

1 fifteen years.

2 Section 9. That chapter 3-12 be amended by adding a NEW SECTION to read:

3 Any generational member applying for a retirement benefit shall elect one of the following
4 monthly benefit options:

5 (1) A single life benefit that provides a monthly benefit to the member for as long as the
6 member lives and ceases upon the death of the member;

7 (2) A sixty percent joint and survivor benefit that provides a reduced lifetime monthly
8 benefit to the member, and upon the member's death sixty percent of the reduced
9 benefit continues to the surviving spouse until the death of the surviving spouse; or

10 (3) A one hundred percent joint and survivor benefit that provides a reduced lifetime
11 monthly benefit to the member, and upon the member's death one hundred percent
12 of the reduced benefit continues to the surviving spouse until the death of the
13 surviving spouse.

14 The benefits payable to the member and the surviving spouse pursuant to a joint and
15 survivor benefit are based on the ages of the member and the spouse and are the actuarial
16 equivalent of a single life benefit. The monthly benefit of a member electing the joint and
17 survivor benefit is reduced in order to provide for a continuing benefit for the surviving spouse
18 after the member's death. The last payment of the member's benefit is for the month in which
19 the member's death occurs, and any surviving spouse benefit is effective from the first day of
20 the month following the member's death. The benefits payable pursuant to this section shall be
21 paid in accordance with § 401(a)(9) of the Internal Revenue Code.

22 Section 10. That chapter 3-12 be amended by adding a NEW SECTION to read:

23 If more than one monthly retirement benefit payment has been made to the generational
24 member, the benefit election made by a member is irrevocable and surviving spouse benefits,

1 if elected, may only be paid to the person who is the spouse both at the time of the election and
2 at the time of the member's death and only if the spouse survives the member. The benefit
3 election may not be rescinded in the event of a subsequent divorce or the subsequent death of
4 the spouse.

5 Section 11. That chapter 3-12 be amended by adding a NEW SECTION to read:

6 No retirement benefit may be paid unless the system has received a completed application
7 for a retirement benefit, including the benefit option elected. The application shall be signed by
8 both the generational member and the member's spouse, if applicable, and each signature shall
9 be witnessed by a representative of the system or notarized.

10 Section 12. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 Unless a generational member's required beginning date for retirement occurs first, the
12 retirement benefit of a generational member is effective in accordance with whichever of the
13 following is last:

- 14 (1) The first day of the month following the date on which the member's contributory
15 service terminated;
- 16 (2) The first day of the month following an intervening complete calendar month after
17 the date on which the member's written application for retirement benefits is received
18 by the system; or
- 19 (3) The first day of the month specified in the member's application for retirement.

20 The last payment of the member's benefit is for the month in which the member's death
21 occurs.

22 Section 13. That chapter 3-12 be amended by adding a NEW SECTION to read:

23 Any generational member who fails to make a timely application for retirement benefits may
24 receive three months of benefits retroactive from the effective date of the member's retirement

benefit. However, no member may receive any retroactive benefits for any period of time before the first day of the month following the date the member's contributory service terminated.

Section 14. That chapter 3-12 be amended by adding a NEW SECTION to read:

The disability benefit approved pursuant to § 3-12-206 is the greater of the following calculations:

- (1) Twenty-five percent of the generational member's final average compensation at the date of disability; or
- (2) The generational member's unreduced accrued retirement benefit at the date of disability.

The disability benefit shall be paid in monthly installments. The disability benefit of a generational member shall terminate upon attaining normal retirement age, or if the member commences a disability benefit within five years of normal retirement age, after receiving the disability benefit for five years, and thereafter the member shall receive a retirement benefit. In order to start the retirement benefit, the member shall submit a completed retirement application that includes the benefit option elected by the member. The single life benefit is equal to the amount the member received as a disability benefit.

Section 15. That chapter 3-12 be amended by adding a NEW SECTION to read:

Any vested generational member may elect to start the retirement benefit in the ten years preceding the member's normal retirement age. However, no retirement benefit may be paid unless the member submits a completed retirement application to the system that includes the benefit option elected by the member. The normal retirement benefit shall be reduced by five percent for each full year and prorated for each additional full month between the date the early retirement benefit commences and the date the member attains normal retirement age.

Section 16. That chapter 3-12 be amended by adding a NEW SECTION to read:

1 Upon the death of a generational member retiree who elected either a sixty percent or one
2 hundred percent joint and survivor benefit, the surviving spouse is eligible to receive a surviving
3 spouse benefit. The amount of the surviving spouse benefit is based on the election made upon
4 the retirement of the member and is payable on a monthly basis to the surviving spouse for the
5 life of the spouse.

6 Section 17. That chapter 3-12 be amended by adding a NEW SECTION to read:

7 Upon the death of a generational member who was vested or died while performing usual
8 duties for the employer and who has reached normal retirement age but has not yet begun a
9 retirement benefit, a surviving spouse is eligible to receive a surviving spouse benefit. The
10 surviving spouse benefit is equal to sixty percent of the actuarially reduced amount the member
11 would have received if the member retired on the date of death and elected the sixty percent
12 joint and survivor benefit. The annual benefit shall be divided into monthly payments and is
13 payable for the life of the surviving spouse. The payments are effective the first day of the
14 month following the member's death.

15 Section 18. That chapter 3-12 be amended by adding a NEW SECTION to read:

16 If no family benefit is being paid pursuant to § 3-12-95.4, a surviving spouse of a
17 contributing generational member who had acquired at least three years of contributory service
18 or noncontributory service or died while performing usual duties for the employer or died while
19 receiving a disability benefit, shall, upon attaining the age sixty-seven, receive a surviving
20 spouse benefit as follows:

21 (1) If a family benefit had been paid, sixty percent of the family benefit paid at the time
22 the family benefit ended, increased by the improvement factor from the date the last
23 family benefit was paid; or

24 (2) If a family benefit had not been paid, sixty percent of the amount calculated pursuant

1 to subsection (a) or (b), whichever is greater, increased by the improvement factor
2 from the date of the member's death:

3 (a) Twenty-five percent of the member's final average compensation at the time
4 of the member's death; or

5 (b) The member's unreduced accrued retirement benefit at the time of the
6 member's death.

7 The surviving spouse benefit shall be paid in monthly installments for the life of the
8 surviving spouse.

9 Section 19. That chapter 3-12 be amended by adding a NEW SECTION to read:

10 A generational member's spouse who is eligible to receive a surviving spouse benefit at age
11 sixty-seven may elect to start the benefit in the ten years preceding the spouse attaining the age
12 of sixty-seven. The early surviving spouse benefit, payable for the life of the surviving spouse,
13 is the surviving spouse benefit reduced by five percent for each full year and prorated for each
14 additional full month between the date the early surviving spouse benefit commences and the
15 date the surviving spouse attains the age of sixty-seven.

16 Section 20. That chapter 3-12 be amended by adding a NEW SECTION to read:

17 If a retired generational member reenters covered employment at some time after the three
18 consecutive calendar months that start with the member's effective date of retirement, the
19 member's retirement benefits and continued membership shall be administered pursuant to this
20 section.

21 If the retired member's benefits have not been reduced, the member's monthly retirement
22 benefit shall be reduced by fifteen percent and the annual increase shall be eliminated
23 throughout the period that the member reenters covered employment. The reduction and
24 elimination shall cease if the member again terminates covered employment. However, the

1 reduction and elimination do not apply if the member retired as a Class B member other than
2 a justice, judge, or magistrate judge and subsequently reenters covered employment as a Class
3 A member.

4 If the retired member's benefits have been reduced, the member's benefits shall be suspended
5 during the period that the member reenters covered employment and the annual increase shall
6 be eliminated during the period that the member reenters covered employment. The suspension
7 and elimination shall cease if the member again terminates covered employment.

8 Whether the member's retirement benefits are unreduced or reduced, contributions required
9 of the member pursuant to § 3-12-71 shall be deposited by the member's participating unit with
10 the system for the benefit of the member to be transferred to an account within the deferred
11 compensation plan established pursuant to chapter 3-13. The contributions shall be governed
12 by § 457 of the Internal Revenue Code. However, the contributions required of the member's
13 employer unit pursuant to § 3-12-71 shall be deposited into the fund created by this chapter, but
14 with no association or credit to the member. The member may not earn any additional benefits
15 associated with the period that the member reenters covered employment.

16 Section 21. That chapter 3-12 be amended by adding a NEW SECTION to read:

17 Each generational member shall have a variable retirement account, which consists of
18 variable retirement contributions and the credited investment return. The investment return shall
19 be credited annually as of June thirtieth for all generational members with a variable retirement
20 account on that date. The credited investment return is the South Dakota Investment Council's
21 reported money-weighted investment return of the system, net of fees, for the completed fiscal
22 year. For any account distributed during the fiscal year, the estimated investment return shall
23 be credited to the end of the month before the date on which the retirement benefit is paid or the
24 disability benefit is paid or the death occurred, as applicable. Any variable retirement

1 contributions made during the fiscal year shall receive one-half year's credited investment return.

2 Section 22. That chapter 3-12 be amended by adding a NEW SECTION to read:

3 Each year the board shall establish the variable retirement contribution for the following
4 fiscal year based on the results of the most current annual actuarial valuation. The variable
5 retirement contribution for any year may be adjusted from zero to one and one-half percent of
6 each contributing generational member's compensation and shall be allocated to each
7 generational member's variable retirement account. The variable retirement contribution for the
8 fiscal year beginning July 1, 2017, shall be one and one-half percent of each contributing
9 member's compensation.

10 Section 23. That chapter 3-12 be amended by adding a NEW SECTION to read:

11 The variable retirement account is payable at the retirement, disability, or death of the
12 generational member. The variable retirement account is payable to the generational member
13 when the member commences a retirement benefit or a disability benefit or to the generational
14 member's eligible child, eligible spouse, or beneficiary upon the death of the member. The
15 variable retirement account is not payable to any member who withdraws his or her accumulated
16 contributions from the system. For the purpose of paying a distribution, the variable retirement
17 account is the amount in the member's variable retirement account or the total of the variable
18 retirement contributions made on behalf of the member, whichever is greater.

19 The variable retirement account may be paid in a lump sum, rolled over to the South Dakota
20 deferred compensation plan, rolled over to another eligible plan, or used to purchase a
21 supplemental pension benefit. However, the purchase of a supplemental pension benefit is only
22 available upon the member's retirement.

23 Section 24. That chapter 3-12 be amended by adding a NEW SECTION to read:

24 For any foundation member, the term, accumulated contributions, means the sum of:

- 1 (1) All contributions made by the member, including member contributions made by an
2 employer after June 30, 1984, pursuant to § 3-12-71;
 - 3 (2) For a member whose contributory service concluded after June 30, 2010, eighty-five
4 percent of the employer contributions or noncontributory service if the member had
5 three years or more of contributory service and fifty percent of the employer
6 contributions if the member had less than three years of service; or for a member
7 whose contributory service concluded before July 1, 2010, one hundred percent of
8 the employer contributions or noncontributory service if the member had three years
9 or more of contributory service and seventy-five percent of the employer
10 contributions if the member had less than three years of service;
 - 11 (3) Member redeposits pursuant to § 3-12-80 and member credited service purchases
12 pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2; and
 - 13 (4) The effective rate of interest earned on the sum of subdivisions (1), (2), and (3).
- 14 Section 25. That chapter 3-12 be amended by adding a NEW SECTION to read:
- 15 For any foundation member, the term, credited service, means:
- 16 (1) Years of service, or fractions thereof, for which member contributions were made to
17 the system;
 - 18 (2) Years of noncontributory service, or fractions thereof, credited before July 1, 1974,
19 previously credited under the provisions of the retirement systems consolidated
20 pursuant to § 3-12-46;
 - 21 (3) Any period of authorized leave of absence or sick leave with pay for which
22 deductions for member contributions are made, deposited, and credited to the fund;
 - 23 (4) Any period of authorized leave of absence or sick leave without pay or temporary
24 layoff, during or for which a member obtained credit by payments to the fund made

1 in lieu of salary deductions;

2 (5) Any period during which a member is on an authorized leave of absence to enter
3 military service, if the member fulfills the provisions of § 3-12-86;

4 (6) Years of service, or fractions thereof, by faculty and administrators employed by the
5 board of regents before April 1, 1964, credited pursuant to §§ 3-12-69.4 and
6 3-12-69.5;

7 (7) Years of noncontributory service, or fractions thereof, earned before July 1, 1967, but
8 not credited under the South Dakota public employee retirement system as it was
9 consolidated pursuant to § 3-12-46 because the person earned the service prior to
10 attaining the age of thirty. The service shall be credited only to those persons who are
11 contributing members on July 1, 1987. No service may be credited pursuant to this
12 subdivision to any member who has withdrawn the member's accumulated
13 contributions after July 1, 1967; and

14 (8) Years of noncontributory service, or fractions thereof, earned by a member from
15 July 1, 1967, to June 30, 1974, inclusive, but not credited under the South Dakota
16 public employee retirement system because of the age and service restrictions
17 established under that system.

18 Section 26. That chapter 3-12 be amended by adding a NEW SECTION to read:

19 For any foundation member, the term, final average compensation, means the highest
20 average annual compensation earned by a member during any period of twelve consecutive
21 calendar quarters during the member's last forty calendar quarters of membership in the system
22 including time during which the member was not a member but for which the member has
23 received credit under the system. If the compensation received in the last calendar quarter
24 considered exceeds a set percentage of the amount in the highest previous calendar quarter, or

1 if the average compensation received in the last four calendar quarters exceeds a set percentage
2 of the amount earned in the highest calendar quarter prior to the last four calendar quarters
3 considered, only the lesser amount shall be considered and the excess shall be excluded in the
4 computation of final average compensation. Those respective set percentages are as follows:

5 (1) Before July 1, 2004, one hundred twenty-five percent and one hundred fifteen
6 percent;

7 (2) Between July 1, 2004, and June 30, 2005, one hundred fifteen and one hundred ten
8 percent; and

9 (3) After June 30, 2005, one hundred five percent and one hundred five percent.

10 For purposes of determining final average compensation if periods of contributory service
11 are separated by breaks, any service earned from covered employment may be aggregated to
12 constitute a period of twelve consecutive calendar quarters. For any member who has less than
13 twelve but more than four calendar quarters of membership in the system, the member's final
14 average compensation shall be based on the compensation received in all quarters of
15 membership. For any member who has four calendar quarters of membership or less, the
16 member's final average compensation shall be based on the member's annual compensation.

17 Section 27. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For any foundation member, the term, improvement factor, means the annual increase in the
19 amount of the benefit provided on July first, compounded annually. However, no annual
20 increase may be provided unless the member has received benefit payments for at least the
21 consecutive, twelve-month period before July first. The annual increase shall be established by
22 the board for each fiscal year, based on the system's fair value funded ratio and the increase in
23 the consumer price index for the preceding third calendar quarter compared to the consumer
24 price index for the third calendar quarter for the base year (the past year in which the consumer

price index was the highest), as follows:

- (1) If the system's fair value funded ratio is less than eighty percent, the improvement factor shall be two and one-tenth percent;
- (2) If the system's fair value funded ratio is eighty percent or greater but less than ninety percent, the improvement factor shall be the increase in the consumer price index, but no less than two and one-tenth percent and no greater than two and four-tenths percent;
- (3) If the system's fair value funded ratio is ninety percent or greater but less than one hundred percent, the improvement factor shall be the increase in the consumer price index, but no less than two and one-tenth percent and no greater than two and eight-tenths percent; or
- (4) If the system's fair value funded ratio is one hundred percent or greater, the improvement factor shall be three and one-tenth percent.

Section 28. That chapter 3-12 be amended by adding a NEW SECTION to read:

For any foundation member, normal retirement age is age sixty-five for Class A credited service and for Class B credited service as a justice, judge, and magistrate judge and age fifty-five for other Class B credited service.

Section 29. That chapter 3-12 be amended by adding a NEW SECTION to read:

For any foundation member, the term, reduction age, means the age at which the sum of the foundation member's age and credited service equals a number as follows:

- (1) For Class A credited service, an age not less than fifty-five and at which the sum of the foundation member's age and credited service equals eighty-five;
- (2) For Class B credited service as a justice, judge, or magistrate judge, an age not less than fifty-five and at which the sum of the foundation member's age and credited

1 service equals eighty; and

2 (3) For Class B credited service other than as a justice, judge, or magistrate judge, an age
3 not less than forty-five and at which the sum of the foundation member's age and
4 credited service equals seventy-five.

5 Section 30. That § 3-12-47.1 be amended to read:

6 3-12-47.1. Any increase in a retired member's benefit as a result of ~~the provisions of the~~
7 ~~1997 amendment to subdivision 3-12-47(24)~~ credited service related to years of noncontributory
8 service, or fractions thereof, earned by a member from July 1, 1967, to June 30, 1974, inclusive,
9 but not credited under the South Dakota public employee retirement system because of the age
10 and service restrictions established under the system shall be prospective only from July 1, 1997.

11 Section 31. That § 3-12-47.2 be amended to read:

12 3-12-47.2. Any member who, pursuant to the provisions of § 3-12-83, has purchased a
13 portion or all of the member's noncontributory service ~~described in subsection (h) of subdivision~~
14 ~~§ 3-12-47(24)~~ earned by a member from July 1, 1967, to June 30, 1974, inclusive, but not
15 credited under the South Dakota public employee retirement system because of the age and
16 service restrictions established under the system is entitled to a refund of such purchase cost.

17 Section 32. That § 3-12-62.8 be amended to read:

18 3-12-62.8. For purposes of determining the retirement benefits of foundation member
19 conservation officers, for credited service earned ~~prior to~~ before July 1, 1983, benefits shall be
20 calculated pursuant to § 3-12-91 and for credited service earned after June 30, 1983, benefits
21 shall be calculated pursuant to § 3-12-92. For purposes of ~~benefits~~ credited service earned ~~prior~~
22 ~~to before~~ before July 1, 1983, ~~a conservation officers shall have~~ officer has a normal retirement age of
23 sixty-five. For purposes of ~~benefits~~ credited service earned after June 30, 1983, a foundation
24 member conservation ~~officers shall have~~ officer has a normal retirement age of fifty-five.

Section 33. That § 3-12-77 be amended to read:

3-12-77. A member of the system who is not vested may leave the member's accumulated contributions in the system upon termination of employment for a period not to exceed ten years from the date of termination. However, no additional contributions may be made to the system by the member or a participating unit following the date of termination and no benefits in the retirement system may accrue to a member of the system following the date of termination, except as provided in § 3-12-72.4. If the member withdraws the member's accumulated contributions, membership in the system terminates. At the end of the ten-year period, no further interest may be credited with respect to contributions and no further investment return may be credited with respect to any variable retirement account. If the member fails to withdraw the member's accumulated contributions within eleven years following the member's termination, the member shall forfeit all rights to the member's accumulated contributions, variable retirement account, and to any credited service in connection therewith, if the system has made reasonable efforts to notify the member of the member's withdrawal rights and the effect of this section.

Section 34. That § 3-12-80 be amended to read:

3-12-80. If a person whose accumulated contributions have been refunded since July 1, 1974, reenters the system as a foundation member, the ~~person~~ foundation member may elect to redeposit the accumulated contributions, with compound interest at the assumed rate of return between the date of withdrawal and the date of redeposit. The redeposit shall be made within two years after reentry into the system and the credited service forfeited when contributions were refunded shall then be reinstated; any employer contributions forfeited at the time of refund shall be reinstated; and the foundation member, except as provided in § 3-12-131, shall be regarded as having never refunded.

Any withdrawals of additional contributions made pursuant to § 3-12-104 shall be considered accumulated contributions for purposes of redeposit to reinstate the credited service forfeited when contributions were refunded.

No generational member may redeposit accumulated contributions.

Section 35. That § 3-12-90 be amended to read:

~~3-12-90. Benefits paid upon early or normal retirement shall commence on the earlier of the member's required beginning date or on the first day of the month following the later of, the date on which the member's contributory service terminated, thirty days after the written application for retirement benefits is received in the office of the administrator, or the date specified in the member's application for retirement. In any event the benefit shall be paid from the first day of the month. The last payment shall be made from the first day of the month in which the member's death occurs.~~

~~—An individual who fails to make a timely application for retirement benefits may receive up to a maximum of three months of benefits retroactive to the date on which the member's contributory service terminated.~~ Unless a foundation member's required beginning date for retirement occurs first, the early or normal retirement benefit of a foundation member is effective in accordance with whichever of the following is last:

(1) The first day of the month following the date on which the member's contributory service terminated;

(2) The first day of the month following an intervening complete calendar month after the date on which the member's written application for retirement benefits is received by the system; or

(3) The first day of the month specified in the member's application for retirement.

The last payment of the member's benefit is for the month in which the member's death

1 occurs.

2 Any foundation member who fails to make a timely application for retirement benefits may
3 receive three months of benefits retroactive from the effective date of the member's retirement
4 benefit. However, no foundation member may receive any retroactive benefits for any period
5 of time before the first day of the month following the date on which the member's contributory
6 service terminated.

7 Section 36. That § 3-12-91 be amended to read:

8 3-12-91. Upon retirement, a foundation member shall receive a normal retirement ~~allowance~~
9 benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90, for Class
10 A credited service, equal to the larger of ~~1.7%~~ one and seven-tenths percent of final average
11 compensation for each year of Class A credited service before July 1, 2008, plus ~~1.55%~~ one and
12 fifty-five hundredths percent of final average compensation for each year of Class A credited
13 service after July 1, 2008, or ~~2.4%~~ two and four-tenths percent of final average compensation
14 for each year of Class A credited service before July 1, 2008, plus ~~2.25%~~ two and twenty-five
15 hundredths percent of final average compensation for each year of Class A credited service after
16 July 1, 2008, less other public benefits. For purposes of this section, federal military retirement
17 or federal national guard retirement benefits are not other public benefits. For the purposes of
18 this section, any Class A member who did not participate in federal social security during the
19 period of credited service shall be presumed to be entitled to the maximum primary social
20 security benefit permitted at the time of retirement. Class A credited service includes all credited
21 service under this or any of the retirement systems consolidated pursuant to § 3-12-46.

22 Section 37. That § 3-12-91.1 be amended to read:

23 3-12-91.1. Each participating unit shall make an additional contribution in the amount of
24 six and two-tenths percent of any foundation member's compensation in each calendar year that

1 exceeds the maximum taxable amount for social security for the calendar year. The additional
2 contributions shall be made only for Class A foundation members and may not be treated as
3 employer contributions.

4 Section 38. That § 3-12-92 be amended to read:

5 3-12-92. Upon retirement, a foundation member shall receive a normal retirement ~~allowance~~
6 benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90, for Class
7 B credited service other than as a justice, judge, or magistrate judge, equal to ~~2.4%~~ two and
8 four-tenths percent of final average compensation for each year of Class B credited service other
9 than as a justice, judge, or magistrate judge before July 1, 2008, plus ~~2.0%~~ two percent of final
10 average compensation for each year of Class B credited service other than as a justice, judge,
11 or magistrate judge after July 1, 2008.

12 Section 39. That § 3-12-92.4 be amended to read:

13 3-12-92.4. Upon retirement, a foundation member shall receive a normal retirement
14 ~~allowance~~ benefit, commencing at normal retirement age or thereafter as provided in § 3-12-90,
15 for the first fifteen years of Class B credited service as a justice, judge, or magistrate judge equal
16 to ~~3.733%~~ three and seven hundred thirty-three thousandths percent of final average
17 compensation for each year of Class B credited service as a justice, judge, or magistrate judge
18 before July 1, 2008, plus ~~3.333%~~ three and three hundred thirty-three thousandths percent of
19 final average compensation for each year of Class B credited service as a justice, judge, or
20 magistrate judge after July 1, 2008. A foundation member shall also receive for Class B credited
21 service as a justice, judge, or magistrate judge in excess of fifteen years, ~~2.4%~~ two and four-
22 tenths percent of final average compensation for each year of Class B credited service as a
23 justice, judge, or magistrate judge before July 1, 2008, plus ~~2.0%~~ two percent of final average
24 compensation for each year of Class B credited service as a justice, judge, or magistrate judge

after July 1, 2008.

Section 40. That § 3-12-94 be amended to read:

3-12-94. Upon the death of a foundation retiree or any foundation member who has reached normal retirement age, the surviving spouse is eligible to receive a ~~normal retirement allowance~~ benefit, payable in monthly installments, equal to sixty percent of the retirement ~~allowance~~ benefit that the foundation member was receiving or was eligible to receive at the time of death.

Section 41. That § 3-12-95.4 be amended to read:

3-12-95.4. On the death of a contributing member after June 30, 2015, who has acquired at least three years of contributory service or noncontributory service ~~as delineated in subsections (b), (c), (g), and (h) of subdivision 3-12-47(24)~~, or who died while performing usual duties for an employer, and prior to the earlier of the member attaining normal retirement age or the member's retirement, a family benefit shall be paid on behalf of any child of such member. The total family benefit is the greater of:

(1) Twenty-five percent of the member's final average compensation at the time of death;

or

(2) The member's unreduced accrued retirement benefit at the time of death.

The family benefit, which shall be paid in monthly installments, shall be equally apportioned among any children of the member and shall be paid on behalf of any child to the conservator or custodian of the child, as applicable. However, if the child is eighteen years of age the benefit is payable directly to the child. As ~~any a~~ child becomes ineligible ~~pursuant to subdivision 3-12-47(14)~~, the family benefit shall be reallocated among any remaining eligible children of the deceased member. The family benefit terminates if there are no eligible children of the deceased member ~~pursuant to subdivision 3-12-47(14)~~.

Section 42. That § 3-12-95.5 be amended to read:

3-12-95.5. If no family benefit is being paid pursuant to § 3-12-95.4, a surviving spouse of a contributing foundation member who had acquired at least three years of contributory service or noncontributory service as delineated in subsections (b), (c), (g), and (h) of subdivision 3-12-47(24) or died while performing usual duties for the employer and who died after June 30, 2015, shall, upon attaining the age of sixty-five, receive a surviving spouse benefit calculated as follows, whichever is applicable:

(1) If a family benefit had been paid, sixty percent of the family benefit paid at the time the family benefit ended, increased by the improvement factor from the date the last family benefit was paid; or

(2) If a family benefit had not been paid, sixty percent of the amount calculated pursuant to subsection (a) or (b), whichever is greater, increased by the improvement factor from the date of the member's death:

(a) Twenty-five percent of the member's final average compensation at the time of the member's death; or

(b) The member's unreduced accrued retirement benefit at the time of the member's death.

The surviving spouse benefit shall be paid in monthly installments for the life of the surviving spouse.

Section 43. That § 3-12-95.6 be amended to read:

3-12-95.6. A foundation member's spouse who would be eligible to receive a surviving spouse benefit at age sixty-five may elect to start the benefit prior to age sixty-five but no earlier than the date on which the surviving spouse attains the age of fifty-five. The early surviving spouse benefit, payable for the life of the surviving spouse, is the surviving spouse benefit reduced by five percent for each full year and prorated for each additional full month between

1 the date the early surviving spouse benefit commences and the date the surviving spouse attains
2 the age of sixty-five.

3 Section 44. That § 3-12-106 be amended to read:

4 3-12-106. Any vested foundation member can retire in the ten years preceding ~~his~~ the
5 member's normal retirement age and the retirement ~~allowance~~ benefit shall be reduced by the
6 lesser of the following:

7 (1) One-fourth of one percent for each full month which remains between the date of
8 commencement of payments and the date the member will reach ~~his~~ the member's
9 normal retirement age; or

10 (2) One-fourth of one percent for each full month which remains between the date of
11 commencement of payments and the date the member will reach ~~his~~ the member's
12 reduction age.

13 Section 45. That § 3-12-107 be amended to read:

14 3-12-107. Any foundation member who retires before being eligible for social security
15 retirement benefits may elect to receive initial retirement benefit payments from the system in
16 an amount greater than the standard benefit payments computed on the basis of the member's
17 age and earnings at retirement. The greater amount, in conjunction with a later reduced amount,
18 shall be the actuarial equivalent of the normal retirement ~~allowance~~ benefit computed on the
19 basis of age at retirement. The greater amount shall be paid until the foundation member reaches
20 the age of sixty-two, at which time the payment from the system shall be the reduced amount
21 so that, as far as possible, the foundation member's combined monthly retirement income from
22 the system and social security shall approximately equal the greater amount paid prior to age
23 sixty-two.

24 Section 46. That § 3-12-110 be amended to read:

3-12-110. After all benefits currently or potentially payable under any provision of this chapter have terminated, if the aggregate benefits paid to a member and the member's surviving spouse and minor children, including any distribution of the member's variable retirement account, are less than the member's accumulated contributions, the amount by which the accumulated contributions exceed total payments made to date shall be paid in a lump sum as provided in this section.

Amounts payable under this section shall be paid as follows:

- (1) To the beneficiary or entity designated by the member, if any is designated; ~~or~~
- (2) If no beneficiary or entity is designated, then to the member's surviving spouse; ~~or~~
- (3) If no beneficiary or entity is designated and there is no surviving spouse, then to all surviving children, irrespective of age, on a ~~share-alike~~ share-alike basis; or
- (4) If no beneficiary or entity is designated, there is no surviving spouse, and there are no surviving children, then to the member's estate.

If no claim for payment due upon the death of a deceased member is made within three years from date of death, the payment shall revert to the system. However, a claim may be honored after the expiration of the three-year reversion period if, in the opinion of the administrator, payment of the claim is warranted by exceptional circumstances.

Section 47. That § 3-12-191 be amended to read:

3-12-191. A retiree receiving a benefit from the system may become a supplemental pension participant by direct rollover of funds held by the member in a variable retirement account or in either or both of the plans created in chapters 3-13 and 3-13A into the fund. Any rollover shall be in compliance with the provisions of § 401(a)(31) of the Internal Revenue Code and shall be recorded in the participant's supplemental pension contract record. All of a participant's funds rolled into the fund shall be expended in full as the single premium for a supplemental

1 pension contract. No single premium may be less than ten thousand dollars. No participant may
2 have more than one supplemental pension contract funded by either or both of the plans created
3 in chapters 3-13 and 3-13A and no more than one supplemental pension contract funded by the
4 participant's variable retirement account. A supplemental pension contract goes into effect when
5 a participant signs the supplemental pension contract. The initial monthly supplemental pension
6 benefit is payable the first day of the first month after the contract goes into effect. Payment of
7 any prior and current supplemental pension benefits shall be made within two months after the
8 contract is in effect.

9 Section 48. That § 3-12-192 be amended to read:

10 3-12-192. A supplemental pension participant shall receive one of ~~two~~ three types of
11 supplemental pension benefits:

12 (1) A supplemental pension benefit payable monthly for the lifetime of the participant;
13 ~~or~~

14 (2) A supplemental pension benefit payable monthly for the lifetime of the participant
15 and, upon the death of the participant, a supplemental pension benefit payable
16 monthly to the participant's supplemental pension spouse equal to sixty percent of the
17 monthly benefit amount that the participant was receiving at the time of death; or

18 (3) A supplemental pension benefit payable monthly for the lifetime of the participant
19 and, upon the death of the participant, a supplemental pension benefit payable
20 monthly to the participant's supplemental pension spouse equal to one hundred
21 percent of the monthly benefit amount that the participant was receiving at the time
22 of death.

23 A participant ~~who is not married at the time of the supplemental pension benefit purchase may~~
24 ~~contract only for a supplemental pension benefit as described in subdivision (1) and a participant~~

1 ~~who is married at the time of the supplemental pension benefit purchase may contract only for~~
2 ~~a supplemental pension benefit as described in subdivision (2) may contract for any of the three~~
3 types of supplemental pension benefits provided in this section. The contract shall be signed by
4 both the supplemental pension participant and the spouse of the participant, if applicable, and
5 each signature shall be witnessed by a representative of the system or notarized.

6 Section 49. That § 3-12-207 be amended to read:

7 3-12-207. The disability benefit approved pursuant to § 3-12-206 is the greater of the
8 following calculations:

9 (1) Twenty-five percent of the foundation member's final average compensation at the
10 date of disability; or

11 (2) The foundation member's unreduced accrued retirement benefit at the date of
12 disability.

13 The disability benefit shall be paid in monthly installments for the life of the foundation
14 member unless the benefit terminates pursuant to § 3-12-210.

15 For purposes of determining the eligibility of a surviving spouse benefit, the disability
16 benefit of a foundation member is considered a retirement benefit when the member attains ~~the~~
17 ~~age of sixty-five~~ normal retirement age.

18 Section 50. That § 3-12-215 be amended to read:

19 3-12-215. If no family benefit is being paid pursuant to § 3-12-214, a surviving spouse of
20 a foundation member who received disability benefits pursuant to § 3-12-207 shall, upon
21 attaining the age of sixty-five, receive a monthly benefit, payable for the life of the surviving
22 spouse, equal to one of the following calculations, whichever is applicable:

23 (1) If there was a family benefit paid, sixty percent of the family benefit paid at the time
24 the family benefit ended, increased by the improvement factor from the date the last

1 family benefit was paid; or

2 (2) If there was no family benefit paid, sixty percent of the deceased member's disability
3 benefit paid at the time of the member's death, increased by the improvement factor
4 from the date of the member's death.

5 Section 51. That chapter 3-12 be amended by adding a NEW SECTION to read:

6 For the purposes of this chapter, the term, actuarial equivalent, is a benefit of equal value,
7 computed on the basis of the interest rate, mortality, and improvement factor assumptions
8 adopted by the board for purposes of the actuarial valuation. If the board adopts a select and
9 ultimate rate of interest, the interest rate is the ultimate rate. Mortality is based on a unisex rate
10 that is fifty percent male and fifty percent female for employees and beneficiaries, based on the
11 mortality rates for retired employees and beneficiaries, including, if the board adopts a
12 generational mortality table, projection of mortality improvement to the year specified by the
13 board based on the member's and beneficiary's ages as of the date of the calculation and
14 projected generationally after that year. Separate improvement factor assumptions shall be made
15 for foundation and generational members. The system shall make the interest rate, mortality, and
16 improvement factor assumptions public.

17 Section 52. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For the purposes of this chapter, the term, compensation, means gross wages paid to a
19 member by the employer for personal services rendered during the period considered as credited
20 service. Compensation includes amounts reported as wages, tips, and other compensation on the
21 member's federal form W-2 wage and tax statement, except as otherwise excluded in this
22 section; the amount of member contributions made by an employer after June 30, 1984, pursuant
23 to § 3-12-71; any amount contributed to a member's individual retirement plan which meets the
24 requirements of section 401, 403, 408, or 457 of the Internal Revenue Code; and any amount

1 contributed to a plan described in section 125 of the Internal Revenue Code; and any amount
2 contributed to the system pursuant to § 3-12-83.2 in accord with § 414(h)(2) of the Internal
3 Revenue Code.

4 Compensation does not include travel, meals, lodging, moving, or any other expenses
5 incidental to an employer's business which is reimbursed by the employer; lump sum payments
6 for sick leave; lump sum payments for annual leave; payments for insurance coverage of any
7 kind or any other employee benefit by an employer on behalf of an employee or an employee
8 and dependents; any amount paid in a one-time lump sum payment or over a period of time and
9 based on or attributable to retirement or an agreement to retire in the future; payments made
10 upon dismissal or severance; worker's compensation payments; and payments contingent on a
11 member terminating employment at a specified time in the future paid or payable in a lump sum
12 or over a period of time.

13 Any compensation in excess of the limits established in § 401(a)(17) of the Internal Revenue
14 Code shall be disregarded for purposes of contributions or for benefit calculations under the
15 system. However, the limit does not apply to compensation earned by a member if the member
16 was employed by a participating unit before July 1, 1996.

17 Section 53. That chapter 3-12 be amended by adding a NEW SECTION to read:

18 For the purposes of this chapter, a contributing member is any member for whom the system
19 receives an employer contribution report that includes the member's employee and employer
20 contributions indicating that the member is an active member. A member's active membership
21 is terminated and the member is no longer a contributing member when the system receives
22 notice of termination from an employer, accompanied by the member's final employee and
23 employer contributions.

24 Section 54. That chapter 3-12 be amended by adding a NEW SECTION to read:

For the purposes of this chapter, the phrase, effective rate of interest, means the interest at an annually compounded rate to be established by the board for each fiscal year. The rate shall be no greater than ninety percent of the average ninety-one day United States treasury bill rate for the immediately preceding calendar year and in no event may the rate be more than the rate established by the board pursuant to § 3-12-121 for investment return for purposes of the actuarial valuation. If a member withdraws contributions pursuant to § 3-12-76, 3-12-76.1, or 3-12-77, or if benefits are payable under § 3-12-110, the interest shall be as annually compounded on the preceding June thirtieth.

Section 55. That chapter 3-12 be amended by adding a NEW SECTION to read:

For the purposes of determining eligibility for, and the amount of, any benefit payable pursuant to this chapter, the first day of the month in which a person's birthday falls is considered a person's birthday.

Section 56. That § 3-12-47 be amended to read:

3-12-47. Terms as used in this chapter, ~~unless the context otherwise requires,~~ mean:

(1) ~~Repealed by SL 2000, ch 24, § 1.~~

~~(2) "Accumulated contributions," the sum of:~~

~~(a) All contributions by a member, including member contributions made by an employer on or after July 1, 1984, pursuant to § 3-12-71;~~

~~(b) Seventy-five percent of employer contributions if the member has less than three years contributory service or noncontributory service as delineated in subsections (b), (e), (g), and (h) of subdivision 3-12-47(24) and the contributory service concluded prior to July 1, 2010, or fifty percent of employer contributions if the contributory service concluded on or after July 1, 2010, or one hundred percent of employer contributions if the member has~~

1 ~~three years or more contributory service or noncontributory service as~~
2 ~~delineated in subsections (b), (c), (g), and (h) of subdivision 3-12-47(24) and~~
3 ~~the contributory service concluded prior to July 1, 2010, or eighty-five percent~~
4 ~~of employer contributions if the contributory service concluded on or after July~~
5 ~~1, 2010; and~~

6 ~~———— (c) Member redeposits pursuant to § 3-12-80 and member credited service~~
7 ~~purchases pursuant to §§ 3-12-83, 3-12-84, and 3-12-84.2;~~

8 ~~———— all together with the effective rate of interest credited thereon.~~

9 ~~———— If credited service is purchased pursuant to § 3-12-83, 3-12-84, or 3-12-84.2, only the~~
10 ~~amount of the purchase shall be included as accumulated contributions for the~~
11 ~~purposes of a refund under this chapter;~~

12 ~~———— (2A) "Actuarial accrued liability," the present value of all benefits less the present value~~
13 ~~of future normal cost contributions;~~

14 ~~———— (3) "Actuarial equivalent," a benefit of equal value, including the improvement factor~~
15 ~~assumption adopted by the board, computed on the basis of interest rate and mortality~~
16 ~~assumptions adopted by the board for purposes of the actuarial valuation. For~~
17 ~~purposes of this definition, if the board adopts a select and ultimate rate of interest,~~
18 ~~the interest rate is the ultimate rate. Also, for purposes of this definition, mortality~~
19 ~~shall be based on a unisex rate that is fifty percent male and fifty percent female for~~
20 ~~employees and beneficiaries, based on the mortality rates for retired employees and~~
21 ~~beneficiaries including, if the board adopts a generational mortality table, projection~~
22 ~~of mortality improvement to the calendar year containing the beginning of the plan~~
23 ~~year;~~

24 ~~(4)(2)~~ "Actuarial requirement," the normal cost and the interest on and amortization of the

1 unfunded actuarial accrued liability accumulated to date over a thirty year period, all
2 expressed in terms of a percentage of covered payroll;

3 ~~(5)~~(3) "Actuarial experience analysis," a periodic report which reviews basic experience
4 data and furnishes actuarial analysis which substantiates the assumptions adopted for
5 the purpose of making an actuarial valuation of the system;

6 ~~(6)~~(4) "Actuarial valuation," a projection of the present value of all benefits and the current
7 funded status of the system, based upon stated assumptions as to rates of interest,
8 mortality, disability, salary progressions, withdrawal, and retirement as established
9 by a periodic actuarial experience analysis which takes into account census data of
10 all active members, vested terminated members and retired members and their
11 beneficiaries under the system;

12 ~~(6A)~~(5) "Actuarial value of assets," the total assets of the system, taking market
13 appreciation into account on a rational and systematic basis;

14 ~~(7)~~(6) "Air rescue firefighters," employees of the Department of the Military who are
15 stationed at Joe Foss Field, Sioux Falls, and who are directly involved in ~~fire fighting~~
16 firefighting activities on a daily basis;

17 ~~—(8)—~~ "Annuity," ~~payment for life; all annuities shall be payable for life unless specifically~~
18 ~~provided for otherwise;~~

19 ~~(9)~~(7) "Approved actuary," any actuary who is a member of the American Academy of
20 Actuaries or an Associate or a Fellow of the Society of Actuaries who meets the
21 qualification standards of the American Academy of Actuaries to issue actuarial
22 opinions regarding the system or any firm retaining such an actuary on its staff and
23 who is appointed by the board to perform actuarial services;

24 ~~(9A)~~(8) "Assumed rate of return," the actuarial assumption adopted by the board

1 pursuant to § 3-12-121 as the annual assumed percentage return on trust fund
2 assets, compounded;

3 ~~(10)~~(9) "Beneficiary," the person designated by a member of the system to receive any
4 payments after the death of such member;

5 ~~(11)~~(10) "Benefits," the amounts paid to a member, spouse, spouse and family, child,
6 or beneficiary as a result of the provisions of this chapter;

7 ~~(12)~~(11) "Board," the Board of Trustees of the South Dakota Retirement System;

8 (12) "Calendar quarter," a period of three calendar months ending March thirty-first, June
9 thirtieth, September thirtieth, or December thirty-first of any year;

10 (13) "Campus security officers," employees of the Board of Regents whose positions are
11 subject to the minimal educational training standards established by the law
12 enforcement standards commission pursuant to chapter 23-3 and who satisfactorily
13 complete the training required by chapter 23-3 within one year of employment and
14 whose primary duty as sworn law enforcement officers is to preserve the safety of the
15 students, faculty, staff, visitors and the property of the University of South Dakota
16 and South Dakota State University. The employer shall file with the system evidence
17 of the appointment as a sworn law enforcement officer at the time of employment
18 and shall file evidence of satisfactory completion of the training program pursuant
19 to chapter 23-3 within one year of employment;

20 (14) "Child," depending on the circumstances, as follows:

21 (a) For purposes of benefits pursuant to this chapter, an unmarried dependent
22 child of the member, who has not passed the child's nineteenth birthday and
23 each unmarried dependent child, who is totally and permanently disabled,
24 either physically or mentally, regardless of the child's age, if the disability

1 occurred ~~prior to~~ before age nineteen. It includes a stepchild or a foster child
2 who depends on the member for support and lives in the household of the
3 member in a regular parent-child relationship. It also includes any child of the
4 member conceived during the member's lifetime and born after the member's
5 death; or

6 (b) For purposes of beneficiary-type payments pursuant to this chapter, a person
7 entitled to take as a child via intestate succession pursuant to the provisions
8 of Title 29A;

9 (15) "Class A credited service," service credited as a Class A member of the system;

10 (16) "Class A member," ~~all members~~ any member other than a Class B ~~members~~ member
11 or a Class C member and is either a foundation member or a generational member;

12 (17) "Class B credited service," service credited as a Class B member of the system;

13 (18) "Class B member," a member who is a justice, judge, state law enforcement officer,
14 magistrate judge, police officer, firefighter, county sheriff, deputy county sheriff,
15 penitentiary correctional staff, parole agent, air rescue firefighter, campus security
16 officer, court services officer, conservation officer, or park ranger and is either a
17 foundation member or a generational member;

18 ~~(18A)~~(19) "Class C credited service," service credited as a Class C member of the
19 system;

20 ~~(18B)~~(20) "Class C member," any member of the cement plant retirement plan including
21 any retiree or any vested member;

22 ~~(19)~~(21) "Classified employees," employees of public school districts who are not
23 required by law to be certified as teachers, employees of the colleges and
24 universities under the control of the board of regents who are not faculty or

1 administrators and come within the provisions of chapter 3-6A, employees of
2 public corporations, employees of chartered governmental units, and all other
3 participating employees not elsewhere provided for in this chapter;

4 ~~(19A)~~(22) "Comparable level position," a member's position of employment that is
5 generally equivalent to the member's prior position of employment in terms
6 of required education, required experience, required training, required work
7 history, geographic location, and compensation and benefits;

8 ~~(20)~~ "Compensation," gross wages paid to a member by the employer for personal
9 services rendered during the period considered as credited service:

10 ~~(a)~~ Compensation includes amounts reported as wages, tips and other
11 compensation on the member's federal form W-2 wage and tax statement,
12 except as otherwise excluded in this subdivision, the amount of member
13 contributions made by an employer on or after July 1, 1984, pursuant to § 3-
14 12-71; any amount contributed to a member's individual retirement plan which
15 meets the requirements of section 401, 403, 408, or 457 of the Internal
16 Revenue Code; and any amount contributed to a plan described in section 125
17 of the Internal Revenue Code; and any amount contributed to the system
18 pursuant to § 3-12-83.2 in accord with § 414(h)(2) of the Internal Revenue
19 Code;

20 ~~(b)~~ Compensation does not include travel, meals, lodging, moving or any other
21 expenses incidental to an employer's business which is reimbursed by the
22 employer; lump sum payments for sick leave; lump sum payments for annual
23 leave; payments for insurance coverage of any kind or any other employee
24 benefit by an employer on behalf of an employee or an employee and

dependents; any amount paid in a one-time lump sum payment or over a period of time and based on or attributable to retirement or an agreement to retire in the future; payments made upon dismissal or severance; worker's compensation payments; and payments contingent on a member terminating employment at a specified time in the future paid or payable in a lump sum or over a period of time;

~~———— (c) Any compensation in excess of the limits established in § 401(a)(17) of the Internal Revenue Code shall be disregarded for purposes of contributions or for benefit calculations under the system. However, the limit does not apply to compensation earned by a member if the member was employed by a participating unit on or before June 30, 1996;~~

~~(21)~~(23) "Conservation officers," employees of the Department of Game, Fish and Parks and the Division of Wildlife or Division of Custer State Park who are employed pursuant to § 41-2-11 and whose positions are subject to the requirements as to education and training provided in chapter 23-3;

~~(21A)~~(24) "Consumer price index," the consumer price index for urban wage earners and clerical workers calculated by the United States Bureau of Labor Statistics;

~~(22)~~(25) "Contributory service," service to a participating unit during which contributions were made to a South Dakota Retirement System, which may not include years of credited service as granted in § 3-12-84 or 3-12-84.2;

~~(23)~~(26) "Court services officers," persons appointed pursuant to § 26-7A-8;

~~(23A)~~(27) "Covered employment," a member's employment as a permanent full-time employee by a participating unit;

~~———— (24) "Credited service,"~~

1 ~~—— (a) Years of service, or fractions thereof, for which member contributions were~~
2 ~~made to the system;~~

3 ~~—— (b) Years of noncontributory service, or fractions thereof, credited prior to July 1,~~
4 ~~1974, previously credited under the provisions of the retirement systems~~
5 ~~consolidated pursuant to § 3-12-46;~~

6 ~~—— (c) Any period of authorized leave of absence or sick leave with pay for which~~
7 ~~deductions for member contributions are made, deposited, and credited to the~~
8 ~~fund;~~

9 ~~—— (d) Any period of authorized leave of absence or sick leave without pay or~~
10 ~~temporary layoff, during or for which a member obtained credit by payments~~
11 ~~to the fund made in lieu of salary deductions;~~

12 ~~—— (e) Any period during which a member is on an authorized leave of absence to~~
13 ~~enter military service, if the member fulfills the provisions of § 3-12-86;~~

14 ~~—— (f) Years of service, or fractions thereof, by faculty and administrators employed~~
15 ~~by the board of regents prior to April 1, 1964, credited pursuant to §§ 3-12-~~
16 ~~69.4 and 3-12-69.5;~~

17 ~~—— (g) Years of noncontributory service, or fractions thereof, earned prior to July 1,~~
18 ~~1967, but not credited under the South Dakota public employee retirement~~
19 ~~system as it was consolidated pursuant to § 3-12-46 because the person earned~~
20 ~~the service prior to attaining the age of thirty. The service shall be credited~~
21 ~~only to those persons who are contributing members on July 1, 1987. No~~
22 ~~service may be credited pursuant to this subsection to any member who has~~
23 ~~withdrawn the member's accumulated contributions after July 1, 1967; and~~

24 ~~—— (h) Years of noncontributory service, or fractions thereof, earned by a member~~

1 ~~from July 1, 1967, to June 30, 1974, inclusive, but not credited under the~~
2 ~~South Dakota public employee retirement system because of the age and~~
3 ~~service restrictions established under that system.~~

4 ~~———— If the conditions described in § 3-12-122 occur and benefit reductions are necessary~~
5 ~~to correct those conditions, the credited service granted by this subdivision may be~~
6 ~~reduced or eliminated;~~

7 (25)(28) "Deputy county sheriff," an employee of a county that is a participating unit,
8 appointed by the board of county commissioners pursuant to §§ 7-12-9 and 7-
9 12-10, who is a permanent full-time employee and whose position is subject
10 to the minimum educational and training standards established by the law
11 enforcement standards commission pursuant to chapter 23-3. The term "~~deputy~~
12 county sheriff," does not include jailers or clerks appointed pursuant to §§ 7-
13 12-9 and 7-12-10 unless the participating unit has requested that the jailer be
14 considered as a deputy county sheriff and the Board of Trustees has approved
15 the request;

16 (26)(29) "Disability" or "disabled," any medically determinable physical or mental
17 impairment that prevents a member from performing the member's usual
18 duties for the member's employer, even with accommodations, or performing
19 the duties of a comparable level position for the member's employer. The term
20 excludes any condition resulting from willful, self-inflicted injury;

21 (26A)(30) "Effective date of retirement," the first day of the month in which retirement
22 benefits are payable pursuant to § 3-12-90;

23 ~~———— (27) "Effective rate of interest," interest at an annually compounded rate to be established~~
24 ~~by the board for each fiscal year. The rate shall be no greater than ninety percent of~~

1 ~~the average ninety-one day United States treasury bill rate for the immediately~~
2 ~~preceding calendar year and in no event may the rate be more than the rate~~
3 ~~established by the board pursuant to § 3-12-121 for investment return for purposes~~
4 ~~of the actuarial valuation. If a member withdraws contributions pursuant to § 3-12-~~
5 ~~76, 3-12-76.1, or 3-12-77, or if benefits are payable under § 3-12-110, the interest~~
6 ~~shall be as annually compounded on the preceding June thirtieth. With respect to~~
7 ~~amounts due the system under §§ 3-12-69, 3-12-69.3, 3-12-80, 3-12-83 and 3-12-84,~~
8 ~~the effective rate of interest shall be the assumed rate of return;~~

9 ~~(28)~~(31) "Eligible retirement plan," the term eligible retirement plan includes those
10 plans described in section 402(c)(8)(B) of the Internal Revenue Code;

11 ~~(29)~~(32) "Eligible rollover distribution," any distribution to a member of accumulated
12 contributions pursuant to §§ 3-12-76 and 3-12-76.1. The term does not include
13 any portion of a distribution that represents contributions made to the system
14 on an after tax basis nor distributions paid as a result of the member reaching
15 the required beginning date;

16 ~~(30)~~(33) "Employer," the State of South Dakota and any department, bureau, board, or
17 commission ~~thereof~~ of the State of South Dakota, or any of its governmental
18 or political subdivisions or any public corporation of the State of South Dakota
19 which elects to become a participating unit;

20 ~~(31)~~(34) "Employer contributions," amounts contributed by the employer of a
21 contributing member, excluding member contributions made by an employer
22 ~~on or after July 1~~ June 30, 1984, pursuant to § 3-12-71;

23 ~~—(32)—~~ Repealed by SL 2004, ch 41, § 6.

24 ~~(32A)~~(35) "Equivalent public service," any public service other than as a justice, a judge,

or a magistrate judge and comparable to ~~class~~ Class B service as defined by this section, if the service is in the employ of a public entity that is not a participating unit;

(36) "Fair value of assets," the total assets of the system at fair market value for securities traded on exchanges; for securities not traded on exchanges, a value based on similar securities; and for alternative investments, reported net asset value;

(37) "Fair value funded ratio," the fair value of assets divided by the actuarial accrued liability;

~~(33)~~(38) "Fiduciary," any person who exercises any discretionary authority or control over the management of the system or the management or disposition of its assets, renders investment advice for a fee or other compensation, direct or indirect, or has any authority or responsibility to do so, or has any discretionary authority or responsibility in the administration of the system;

~~(34) "Final average compensation," the highest average annual compensation earned by a member during any period of twelve consecutive calendar quarters during the member's last forty calendar quarters of membership in the system including time during which the member was not a member but for which he has received credit under the system. If the compensation received in the last calendar quarter considered exceeds a set percentage of the amount in the highest previous calendar quarter, or if the average compensation received in the last four calendar quarters exceeds a set percentage of the amount earned in the highest calendar quarter prior to the last four calendar quarters considered, only the lesser amount shall be considered and the excess shall be excluded in the computation of final compensation. Those respective set percentages are as follows:~~

1 ~~_____ (a) On or before June 30, 2004, one hundred twenty-five percent and one hundred~~
2 ~~_____ fifteen percent;~~

3 ~~_____ (b) Between July 1, 2004, and June 30, 2005, one hundred fifteen and one~~
4 ~~_____ hundred ten percent; and~~

5 ~~_____ (c) On or after July 1, 2005, one hundred five percent and one hundred five~~
6 ~~_____ percent.~~

7 ~~_____ For purposes of determining final compensation periods for service separated by~~
8 ~~_____ breaks, the service may be aggregated to constitute a period of twelve consecutive~~
9 ~~_____ calendar quarters. The term calendar quarter means a period of three calendar months~~
10 ~~_____ ending March thirty-first, June thirtieth, September thirtieth or December thirty-first~~
11 ~~_____ of any year;~~

12 (39) "Foundation member," any member of the system whose contributory service began
13 before July 1, 2017;

14 (40) "Foundation retiree," any foundation member who has retired with a benefit payable
15 from the system;

16 ~~(35)~~(41) "Firefighter," any full-time firefighter who works at least twenty hours a week
17 and at least six months a year. The term does not include any volunteer
18 firefighter;

19 ~~(36)~~(42) "Full-time student," a person who is in full-time attendance as a student at an
20 educational institution, as determined by the board in light of the standards
21 and practices of the institution involved, except that no individual ~~shall~~ may
22 be considered a full-time student, if ~~he~~ the student is paid by ~~his~~ the student's
23 employer while attending ~~such~~ an educational institution at the request of, or
24 pursuant to a requirement of, ~~his~~ the employer;

1 ~~(37)~~(43) "Fund," public ~~employees~~ employees' retirement fund or funds established for
2 the purposes of administration of this chapter;

3 ~~(38)~~(44) "Funded ratio," the actuarial value of assets divided by the actuarial accrued
4 liability;

5 ~~(39)~~(45) "General employees," full-time municipal employees who are not firefighters
6 or police officers;

7 (46) "Generational member," any member of the system whose contributory service began
8 after June 30, 2017;

9 (47) "Generational retiree," any generational member who has retired with a benefit
10 payable from the system;

11 ~~(39A)~~(48) "Health care provider," a physician or other health care practitioner licensed,
12 registered, certified, or otherwise authorized by law to provide specified health
13 services;

14 ~~(40)~~(49) "Highest annual compensation," a member's compensation used to calculate
15 benefits under §§ 3-12-95, 3-12-99 and 3-12-105 ~~prior to~~ before July 1, 2004,
16 which was the highest annual compensation earned by the member during any
17 one of the last three years of contributory service and which was not more than
18 one hundred fifteen percent of the member's final compensation calculated as
19 of the date of the member's death or disability;

20 ~~— (41) — "Improvement factor," the annual increase in the amount of the benefit allowance~~
21 ~~commencing on the July first in the year after the member has received benefit~~
22 ~~payments for at least a twelve-month period, compounded annually. The~~
23 ~~improvement factor effective July 1, 2010, shall be two and one-tenth percent.~~
24 ~~Beginning July 1, 2010, the annual increase shall be established by the board for each~~

fiscal year, in part on the basis of the increase in the consumer price index for the preceding third calendar quarter compared to the consumer price index for the third calendar quarter for the base year (the past year in which the consumer price index was the highest), as follows:

————— (a) — If the system's market value funded ratio is less than eighty percent, the improvement factor shall be two and one-tenth percent;

————— (b) — If the system's market value funded ratio is eighty percent or greater but less than ninety percent, the improvement factor shall be the increase in the consumer price index, but no less than two and one-tenth percent or no greater than two and four-tenths percent;

————— (c) — If the system's market value funded ratio is ninety percent or greater but less than one hundred percent, the improvement factor shall be the increase in the consumer price index, but no less than two and one-tenth percent or no greater than two and eight-tenths percent; or

————— (d) — If the system's market value funded ratio is one hundred percent or greater, the improvement factor shall be three and one-tenth percent;

(41A)(50) "Internal Revenue Code," or "code," the Internal Revenue Code as in effect as of January 1, 2015 2016;

(42)(51) "Law enforcement officer," an agent of the state division of criminal investigation, an officer of the South Dakota Highway Patrol, a police officer, county sheriff, deputy county sheriff, or a firefighter;

————— (42A) "Market value of assets," the total assets of the system at fair market value;

————— (42B) "Market value funded ratio," the market value of assets divided by the actuarial accrued liability;

1 ~~(43)~~(52) "Member," any person who is participating in and has made contributions to
2 the system and is either a foundation member or generational member. A
3 ~~person is no longer a member if he withdraws his contributions at person's~~
4 membership ceases when the person withdraws his or her accumulated
5 contributions after termination of employment;

6 ~~(44)~~(53) "Member contributions," amounts contributed by members, including member
7 contributions made by an employer ~~on or after July 1~~ June 30, 1984, pursuant
8 to § 3-12-71;

9 ~~(44A)~~(54) "Military service," a period of active duty with the United States Army, the
10 United States Navy, the United States Air Force, the United States Marine
11 Corps, or the United States Coast Guard, from which duty the member
12 received an honorable discharge or an honorable release;

13 ~~(45)~~(55) "Municipality," any incorporated municipal government under chapter 9-3 or
14 any chartered governmental unit under the provisions of Article IX of the
15 Constitution of the State of South Dakota;

16 — ~~(46)~~ — Repealed by SL 2004, ch 42, § 8.

17 (56) "Noncontributory service," for foundation members, service delineated in
18 subdivisions (2), (5), (7), and (8) of section 25 of this Act, and for generational
19 members, service pursuant to § 3-12-86;

20 ~~(46A)~~(57) "Normal cost," the expected long-term cost of the system benefits and
21 expenses expressed as a percentage of payroll;

22 ~~(47)~~(58) "Normal retirement," the termination of employment and application for
23 benefits by a member with three or more years of contributory service or
24 noncontributory service ~~as delineated in subsections (b), (c), (g) and (h) of § 3-~~

1 ~~12-47(24)~~ on or after the member's normal retirement age;

2 ~~(48)~~ "Normal retirement age," ~~age sixty-five for Class A credited service and for Class B~~
3 ~~credited service as a justice, judge and magistrate judge and age fifty-five for other~~
4 ~~Class B credited service;~~

5 ~~(49)~~(59) "Other public benefits," eighty percent of the primary insurance amount or
6 primary social security benefits that would be provided under federal social
7 security;

8 ~~(49A)~~(60) "Other public service," service for the government of the United States,
9 including military service; service for the government of any state or political
10 subdivision thereof; service for any agency or instrumentality of any of the
11 foregoing; or service as an employee of an association of government entities
12 described in this subdivision;

13 ~~(50)~~(61) "Park rangers," employees of the Department of Game, Fish and Parks within
14 the Division of Parks and Recreation and whose positions are subject to the
15 requirements as to education and training provided in chapter 23-3 and whose
16 primary duty is law enforcement in the state park system;

17 ~~(51)~~(62) "Parole agent," ~~employees~~ an employee of the Department of Corrections
18 employed pursuant to § 24-15-14 who ~~are~~ is actually involved in direct
19 supervision of parolees on a daily basis;

20 ~~(52)~~(63) "Participating unit," the State of South Dakota and any department, bureau,
21 board, or commission ~~thereof~~ of the State of South Dakota, and any of its
22 political subdivisions or any public corporation of the State of South Dakota
23 which has employees who are members of the retirement system created in
24 this chapter;

1 (53)(64) "Penitentiary correctional staff," the warden, deputy warden, and any other
2 correctional staff holding a security position as determined by the Department
3 of Corrections and approved by the Bureau of Human Resources and the
4 Bureau of Finance and Management. For purposes of administration of this
5 chapter final determination of penitentiary correctional staff as Class B
6 members shall be made by the board of trustees based on the recommendation
7 of the Department of Corrections, Bureau of Human Resources, and the
8 Bureau of Finance and Management;

9 (54)(65) "Permanent full-time employee," ~~those employees who have~~ any employee
10 who has been placed in a permanent classification who ~~are~~ is customarily
11 employed by a participating unit for twenty hours or more a week and at least
12 six months a year. The participating unit shall decide if an employee is a
13 permanent full-time employee and that decision is conclusive;

14 (54A)(66) "Plan year," a period extending from July first of one calendar year through
15 June thirtieth of the following calendar year;

16 (55)(67) "Police officer," any employee in the police department of any participating
17 municipality holding the rank of patrol officer, including probationary patrol
18 officer, or higher rank and whose position is subject to the minimum
19 educational and training standards established by the law enforcement officers
20 standards commission pursuant to chapter 23-3. The term, ~~police officer~~, does
21 not include civilian employees of a police department nor any person
22 employed by a municipality whose services as a police officer require less than
23 twenty hours a week and six months a year. If a municipality which is a
24 participating unit operates a city jail, the participating unit may request that

any jailer appointed pursuant to § 9-29-25 be considered a police officer,
subject to the approval of the board;

(56)(68) "Political subdivision" includes ~~but is not limited to municipalities, school
districts, counties, chartered governmental units, any public corporation or
entity, and any special districts~~ any municipality, school district, county,
chartered governmental unit, public corporation or entity, and special district
created for any governmental function;

(56A)(69) "Present value of all benefits," the present value of all benefits expected to be
paid to all retired, terminated, and active members and beneficiaries, based on
past and future credited service and future compensation increases.

(57)(70) "Present value of benefits earned to date," the present value of the benefits
currently being paid to retired members and their beneficiaries and the present
value of benefits payable at retirement to active members, based on their
earnings and credited service to date of the actuarial valuation;

(58)(71) "Projected compensation," a deceased or disabled member's final average
compensation multiplied by the improvement factor commencing each July
first for each complete twelve-month period elapsed between the date of the
member's death or disability, whichever occurred earlier, and the date the
member would attain normal retirement age;

(59)(72) "Projected service," the credited service plus the service which the member
would have been credited with at ~~his~~ normal retirement age had ~~he~~ the member
continued in the system and received credit at the same rate ~~he~~ the member
was credited during the year covered by the compensation that was used in the
calculation of the disability or family benefit;

(59A)(73) "Qualified military service," service in the uniformed services as defined in § 414(u)(5) of the Internal Revenue Code;

~~(60) "Reduction age,"~~

~~(a) For Class A credited service, the age at which the sum of the member's age and credited service equals eighty-five. However, the reduction age may not be less than fifty-five for Class A credited service;~~

~~(b) For Class B credited service as a justice, judge, or magistrate judge, the age at which the sum of the member's age and credited service equals eighty. The reduction age may not be less than fifty-five for Class B credited service as a justice, judge, or magistrate judge;~~

~~(c) For Class B credited service other than as a justice, judge or magistrate judge, the age at which the sum of the member's age and credited service equals seventy-five. The reduction age for Class B credited service other than as a justice, judge, or magistrate judge may not be less than forty-five;~~

(61)(74) "Required beginning date," the later of April first of the calendar year following the calendar year in which the member attains age seventy and one-half or April first of the calendar year following the calendar year in which the member retires;

(62)(75) "Retiree," any foundation or generational member who retires with ~~an annuity~~ a lifetime benefit payable from the system;

(63)(76) "Retirement," the severance of a member from the employ of a participating unit with a retirement ~~allowance~~ benefit payable from the system;

(64)(77) "Retirement ~~allowance~~ benefit," the ~~benefits that are~~ monthly amount payable upon the retirement of a member;

1 ~~(64A)~~(78) "Single premium," the lump-sum amount paid by a supplemental pension
2 participant pursuant to a supplemental pension contract in consideration for
3 a supplemental pension benefit;

(b)(7)(F) "Social investment," investment, divestment, or prohibition of investment of the assets of the system for purposes other than maximum risk-adjusted investment return, which other purposes include ideological purposes, environmental purposes, political purposes, religious purposes, or purposes of local or regional economic development;

9 ~~(65)~~(80) "Spouse," a person who was married to the member at the time of the death of
10 the member and whose marriage was both before the member's retirement and
11 more than twelve months ~~prior to~~ before the death of the member ~~and prior to~~
12 the member's retirement;

13 ~~(66)~~(81) "State employees," employees of the departments, bureaus, commissions, and
14 boards of the State of South Dakota;

15 ~~(66A)(82)~~ "Supplemental pension benefit," any single-premium immediate pension
16 benefit payable pursuant to §§ 3-12-192 and 3-12-193;

17 ~~(66B)~~(83) "Supplemental pension contract," any agreement between a participant and the
18 system upon which a supplemental pension is based, including the amount of
19 the single premium, the type of pension benefit, and the monthly supplemental
20 pension payment amount;

(66C)(84) "Supplemental pension contract record," the record for each supplemental pension participant reflecting relevant participant data; a designation of any beneficiary, if any; the amount of the participant's funds rolled into the fund; the provisions of the participant's supplemental pension contract; and

1 supplemental pension payments made pursuant to the contract;

2 ~~(66D)~~(85) "Supplemental pension participant," any retiree receiving a benefit from the
3 system who chooses to purchase a supplemental pension benefit pursuant to
4 the provisions of this chapter;

5 ~~(66E)~~(86) "Supplemental pension spouse," any person who was married to a
6 supplemental pension participant at the time the participant entered into the
7 supplemental pension contract;

8 ~~(67)~~(87) "System," the South Dakota Retirement System created in this chapter;

9 ~~(68)~~(88) "Tax-qualifying purchase unit," any participating unit which elects to allow the
10 unit's employees to purchase credited service on a tax-deferred basis by means
11 of employer contribution agreements as outlined in §§ 3-12-83.1 and 3-12-
12 83.2;

13 ~~(69)~~(89) "Teacher," any person who has a valid teacher's certificate issued by the State
14 of South Dakota, who is in the employ of a public school district, and shall
15 also include the certified teachers employed by the Human Services Center,
16 South Dakota Developmental Center--Redfield, State Penitentiary,
17 Department of Education, State Training School, School for the Deaf, School
18 for the Blind and the Visually Impaired, Children's Care Hospital and School,
19 public nonprofit special education facilities, community support providers
20 certified by the Department of Human Services and public financed multi-
21 district education programs;

22 ~~(70)~~(90) "Terminated," complete severance of employment from public service of any
23 member by resignation or discharge, not including leave of absence, layoff,
24 vacation leave, sick leave, or jury duty, and involving all termination

proceedings routinely followed by the member's participating unit, including payment to the member for unused vacation leave, payment to the member for unused sick leave, payment to the member for severance of an employment contract, severance of employer-provided health insurance coverage, severance of employer-provided life insurance coverage, or severance of any other such employer-provided perquisite of employment granted by the member's participating unit to an active employee;

~~(71)~~(91) "Trustee," a member of the board of trustees;

~~(72)~~(92) "Unfunded actuarial accrued liability," the actuarial accrued liability less the actuarial value of assets;

~~(73)~~(93) "Vested," the right to a retirement ~~annuity~~ benefit from the system based on the provisions of this chapter after three years of contributory service or noncontributory service ~~as delineated in subsections (b), (c), (g) and (h) of § 3-12-47(24)~~, even if the member leaves the employment of a participating unit, provided that the member does not withdraw accumulated contributions. A member who leaves the employment of a participating unit is not entitled to benefits under §§ 3-12-95, 3-12-98, 3-12-99, 3-12-104, and 3-12-105.